

### SUMMARY

The economic recovery legislation provides increased support for the nation's seniors who have seen their retirement savings reduce greatly in this economic recession. With stock markets off nearly 50% in the past 18 months, individuals living on fixed income and retirement funds are faced with tough choices and decreased flexibility and independence. This bill provide direct support in the way of increased Social Security payments and other direct aid as well provisions that improve the care provided through Medicare.

### PROVISIONS PROVIDING AID TO SENIORS IN THE ECONOMIC STIMULUS

**Providing Aid to Seniors, Disabled Veterans, and SSI Recipients.** This provision provides a one time payment of \$250 to retirees, disabled individuals and SSI recipients receiving benefits from the Social Security Administration, Railroad Retirement beneficiaries, and disabled veterans receiving benefits from the Department of Veterans Affairs. This must be issued initially within 120 days of the passage of the bill. This feature is intended as a companion to the \$400 tax credit to all workers. Total Cost: \$14.2 Billion.

**Senior Nutrition Programs.** Transportation and food costs have risen at the same time that more and more seniors require nutrition assistance. This bill increases funding for formula grants to states for elderly nutrition services such as the Meals on Wheels program. Total Cost: \$100 million.

**Low-Income Housing Weatherization.** In order to reduce energy costs for low-income individuals, the bill provides \$5 billion for the Energy Department's Weatherization Assistance Program, which covers some of the costs of insulating low-income residences. The measure also raises the eligibility limit to 200% of the federal poverty line, from 150% and increases the maximum amount allowed per residence to \$6,500, from \$2,500. Total cost: \$5 Billion.

**Promoting the adoption and use of health information technology.** Seniors have frequent interaction with the health care system and often have more complex treatments. As such, they would benefit greatly from electronic medical records and other Health Information Technology

(Health IT), which will better coordinate their care across different doctors and hospitals.

This bill promotes the use of health information technology (health IT), such as electronic health records, by: requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve the quality and coordination of care; investing \$19 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors, hospitals, and other providers to use health IT to electronically exchange patients' health information; and strengthening Federal privacy and security law to protect identifiable health information from misuse and abuse as the health care sector increases use of health IT.

If the bill is enacted, approximately 90% of doctors and 70% of hospitals would adopt and use certified electronic health records within the next decade, according to the Congressional Budget Office. In turn, that would save the government more than \$12 billion and generate additional savings throughout the health sector through improvements in quality of care, care coordination, and reductions in medical errors and duplicative care. Total Cost: \$19 Billion.

Subsidizing Elder Community Service. Seniors are increasingly looking to reenter the work force. Additionally, involving seniors in the community has been shown to have innumerable benefits to health. This bill allocates funding additional 24,000 community service jobs for low-income older Americans. Total Cost: \$120 Million.

Assisting Low-Income Seniors with Medicare Premiums. The bill extends the Qualified Individual program, which assists certain low-income individuals with Medicare Part B premiums, through December 31, 2010. Total cost: \$550 million.

Maintaining quality care from Medicare. The bill contains a number of provisions that improve or delay cuts in reimbursement to providers for specific types of care under Medicare and Medicaid. This action will help maintain access to these crucial services for seniors. Specifically, the bill provides for:

Prompt Payment Requirements for Nursing Facilities and Hospitals. The bill temporarily applies Medicaid prompt pay requirements to nursing facilities and hospitals. Total Cost: \$680 million.

Medicare Payments to Hospice. The bill blocks FY09 Medicare payment cut to Hospice providers related to a wage index payment add-on. Total Cost: \$134 million.

Medicare Payments to Long Term Care Hospitals. The bill makes technical corrections to the Medicare, Medicaid, and SCHIP Extension Act of 2007 related to Medicare payments for long-term care hospitals. Total Cost: \$13 million.

## **GENERAL PROVISIONS DIRECTED TOWARDS INDIVIDUALS IN THE ECONOMIC STIMULUS**

“Making Work Pay” tax credit. The bill would cut taxes for more than 95% of working families in the United States. For 2009 and 2010, the bill would provide a refundable tax credit of up to \$400 for working individuals and \$800 for working families. This tax credit would be calculated at a rate of 6.2% of earned income, and would phase out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 for married couples filing jointly). Taxpayers can receive this benefit through a reduction in the amount of income tax that is withheld from their paychecks, or through claiming the credit on their tax returns. This proposal is estimated to cost \$116.199 billion over 10 years.

The Make Work Pay Tax Cut provides immediate and sustained tax relief to 95 percent of American workers through a refundable tax credit of up to \$500 per worker (\$1,000 per couple filing jointly), phasing out at \$200,000 for couples filing jointly and \$100,000 for single filers. These tax cuts would be distributed to millions of families by reducing tax withholding from workers’ paychecks.

Approximately 4.9 million Pennsylvanian Taxpayers are Expected to Benefit from the “Making Work Pay Credit”

Increase in earned income tax credit. The bill would temporarily increase the earned income tax credit for working families with three or more children. Under current law, working families with two or more children currently qualify for an earned income tax credit equal to forty percent (40%) of the family’s first \$12,570 of earned income. This credit is subject to a phase-out for working families with adjusted gross income in excess of \$16,420 (\$19,540 for married couples filing jointly). The bill would increase the earned income tax credit to forty-five percent (45%) of the family’s first \$12,570 of earned income for families with three or more children and would increase the beginning point of the phase-out range for all married couples filing a joint return (regardless of the number of children) by \$1,880. This proposal is estimated to cost \$4.663 billion over 10 years.

Increase eligibility for the refundable portion of child credit. The bill would increase the eligibility

for the refundable child tax credit in 2009 and 2010. For 2008, the child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of \$8,500. The bill would reduce this floor for 2009 and 2010 to \$3,000. This proposal is estimated to cost \$14.830 billion over 10 years.

By expanding the child tax credit, the plan would provide a new tax cut for more approximately 6 million children, and increase the existing credit for approximately 10 million children.

"American Opportunity" education tax credit. The bill would provide financial assistance for individuals seeking a college education. For 2009 and 2010, the bill would provide taxpayers with a new "American Opportunity" tax credit of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year. Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next \$2,000 of tuition and related expenses paid during the taxable year. Forty percent (40%) of the credit would be refundable. This tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of \$80,000 (\$160,000 for married couples filing jointly). This proposal is estimated to cost \$13.907 billion over 10 years.

Benefits for Pennsylvania: 138,000 additional families in Pennsylvania will qualify for the new American Opportunity Tax Credit that makes college more affordable for 3.8 million families nationwide.

Helps more than 4 million additional students attend college with a new, \$2,500 tax credit for families, which is partially refundable. As a result, the nearly one-fifth of high school seniors who currently would receive no tax credit will receive a tax cut to make college affordable for the first time.

Refundable first-time home buyer credit. Last year, Congress provided taxpayers with a refundable tax credit that was equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to \$7,500) by first-time home buyers. The provision applies to homes purchased on or after April 9, 2008 and before July 1, 2009. Taxpayers receiving this tax credit are currently required to repay any amount received under this provision back to the government over 15 years in equal installments, or, if earlier, when the home is sold. The credit phases out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 in the case of a joint return). The bill eliminates the repayment obligation for taxpayers that purchase homes after January 1, 2009, increases the maximum value of the credit to \$8,000, and removes the prohibition on financing by mortgage revenue bonds, and extends the availability of the credit for homes purchased before December 1, 2009. The provision would retain the credit recapture if the house is sold within three years of purchase. This proposal is estimated to cost \$6.638 billion over 10 years.

DTV Conversion Coupons: \$650 million to continue the coupon program to enable American households to convert from analog television transmission to digital transmission.

Refundable credit for certain Federal and State pensioners. The bill would provide a one-time refundable tax credit of \$250 in 2009 to certain government retirees who are not eligible for Social Security benefits. This one-time credit is a reduction to any allowable Making Work Pay credit. This proposal is estimated to cost \$218 million over 10 years.

Extension of AMT relief for 2009. The bill would provide more than 26 million families with tax relief in 2009 by extending AMT relief for nonrefundable personal credits and increasing the AMT exemption amount to \$70,950 for joint filers and \$46,700 for individuals. This proposal is estimated to cost \$69.759 billion over 10 years.

The American Recovery and Reinvestment Act of 2009 would protect over 26 million working families across the nation from the Alternative Minimum Tax, representing thousands of dollars in additional income taxes.

According to the Congressional Research Service, 972,000 Pennsylvanians would be protected from the Alternative Minimum Tax in 2009.

Sales tax deduction for vehicle purchases. The bill provides all taxpayers with a deduction for State and local sales and excise taxes paid on the purchase of new cars, light truck, recreational vehicles, and motorcycles through 2009. This deduction is subject to a phase-out for taxpayers with adjusted gross income in excess of \$125,000 (\$250,000 in the case of a joint return). This proposal is estimated to cost \$1.684 billion over 10 years.

Temporary suspension of taxation of unemployment benefits. Under current law, all federal unemployment benefits are subject to taxation. The average unemployment benefit is approximately \$300 per month. The proposal temporarily suspends federal income tax on the first \$2,400 of unemployment benefits per recipient. Any unemployment benefits over \$2,400 will be subject to federal income tax. This proposal is in effect for taxable year 2009. This proposal is estimated to cost \$4.740 billion over 10 years.

Treasury Department low-income housing grants in lieu of tax credits: Under current law, taxpayers are allowed to claim a low-income housing tax credit for certain investments made in low-income housing. These tax credits help attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income housing buildings. Current economic conditions have severely undermined the effectiveness of these tax credits. As a result, the bill would allow taxpayers to receive a grant from the Treasury Department in lieu of tax credits. Under this provision, States housing agencies would receive a grant equal to up to eighty-five

percent (85%) of forty percent (40%) of the state's low-income housing tax credit allocation in lieu of the low-income housing tax credits they would have received. The sub awards are subject to the same requirements (including rent, income, and use restrictions on such buildings) as the low-income housing tax credit allocations. The grant program would apply to each state's 2009 low-income housing tax credit allocation. This provision is estimated to cost \$69 million over 10 years.

### **SEE BELOW FOR FURTHER ASSISTANCE RELATED TO SPECIFIC PROVISIONS (in millions)**

One-time payment of \$250 for retirees, disabled people, SSI recipients, railroad retirees and disabled veterans: \$14,225

#### **No Action is Required**

Eligibility: \$250 payment to each individual who is eligible for disability or SSI payments during the 4-month period prior to date of the enactment of this Act.

When you will receive: The Secretary of the Treasury shall commence disbursing payments under this section at the earliest practicable date but in no event later than 120 days after the date of enactment of this Act.

<http://ssa.gov/payment/>

Home weatherization grants to low and middle-income families: \$5,000

Office of Energy, Efficiency and Renewable Energy - 202-586-9220

[www.eere.energy.gov](http://www.eere.energy.gov)

Community service program for low-income over-55s: \$120

Since 1965, Department of Labor has managed the Older American Community Service Employment Program, which provides part-time opportunities in community service activities for unemployed low-income persons who are fifty-five years or older. Bill provides additional funding.

<http://www.doleta.gov/regs/statutes/olderam.cfm>